

consolidated Balance Sheet

December 31 (thousands, except per share)	2000	1999	1998
Assets			
Current assets			
Cash and cash equivalents	\$ 43,965	\$ 47,748	\$ 28,425
Accounts receivable, net	326,937	299,751	246,695
Inventories	168,220	176,369	165,627
Deferred income taxes	50,709	41,701	36,256
Other current assets	10,737	11,752	26,511
Total current assets	600,568	577,321	503,514
Property, plant and equipment, net	501,640	448,116	420,205
Investment in Henkel-Ecolab	199,642	219,003	253,646
Other assets	412,161	341,506	293,630
Total assets	\$1,714,011	\$1,585,946	\$1,470,995
Liabilities and Shareholders' Equity			
Current liabilities			
Short-term debt	\$ 136,592	\$ 112,060	\$ 67,991
Accounts payable	146,428	122,701	124,646
Compensation and benefits	88,330	90,618	79,431
Income taxes		5,743	244
Other current liabilities	160,684	139,552	127,479
Total current liabilities	532,034	470,674	399,791
Long-term debt	234,377	169,014	227,041
Postretirement health care and pension benefits	117,790	97,527	85,793
Other liabilities	72,803	86,715	67,829
Shareholders' equity (common stock, par value \$1.00 per share; shares outstanding: 2000 – 127,161; 1999 – 129,416; 1998 – 129,479)	757,007	762,016	690,541
Total liabilities and shareholders' equity	\$1,714,011	\$1,585,946	\$1,470,995

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ECOLAB

Is it clean?

Ecolab 1999 Annual Report

About the Cover

Ecolab Clean. These two small words make a big difference for businesses that must protect their products, consumers – and the bottom line. Ecolab's innovative cleaning and sanitizing solutions have earned our company a global reputation and made us the industry leader. Our products and systems delve into every facet of businesses where impeccable sanitation is a must. We treat our customers' business environments, equipment and products as though they're our own. And all the while, we provide the best training, service and support available. Keeping businesses clean is an admirable goal. Keeping them "Ecolab Clean" is a higher standard we proudly meet.

Description of Business

Founded in 1923, Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for hospital, institutional and industrial markets. Customers include hotels and restaurants; foodservice; healthcare; and educational facilities; quickservice (fast-food) units; commercial laundries; light industry; dairy plants and farms; and food and beverage processors. Ecolab provides customized products, equipment and programs backed by more than 6,500 members strong.

Ecolab operates directly in 38 countries in North America, Asia/Pacific, Latin America and Africa, employing nearly 13,000 associates. In Europe, it reaches customers through the Henkel-Ecolab joint venture headquartered in Düsseldorf, Germany. Henkel-Ecolab does business in 27 countries, including Eastern European markets, and employs 4,500 associates. Its direct sales and service force numbers 2,400. Ecolab serves customers in more than 100 other countries through distributors, licensees and export operations.

Ecolab's common stock is traded on the New York Stock Exchange and other selected markets. Information is available by calling 1-800-547-ECOL or 1-800-322-8325 or on the internet at www.ecolab.com.

Forward-Looking Statements

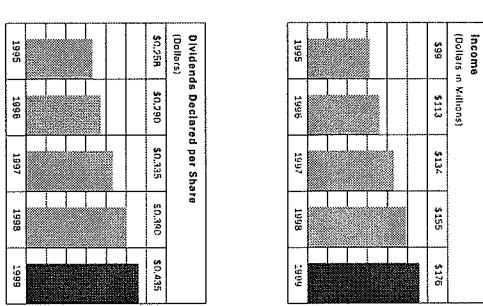
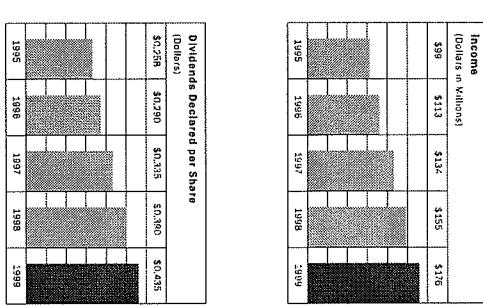
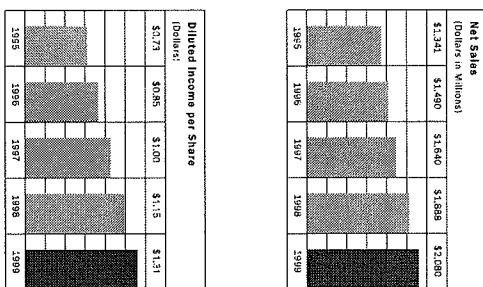
This Annual Report to Stockholders contains various "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, phrases or words such as "will likely result," "are expected to," "will continue," "is anticipated," "we believe," "project" (including the negative or variations thereof or similar terminology), identify forward-looking statements. These statements, which represent Ecolab's expectations or beliefs concerning various future events, are based on current expectations. Therefore, they involve a number of risks and uncertainties that could cause actual results to differ from those in such forward-looking statements. We refer readers to the Company's statement included "Forward-Looking Statements and Risk Factors," which is contained under Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 1999, for further discussion of these matters. Additional risk factors may be described from time to time in Ecolab's filings with the Securities and Exchange Commission.

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Financial Highlights

	(In millions, except net sales)					1999	1998	1997	1996	1995	1994	1993	
											Percent Change		
Net Sales						\$2,080,012	\$1,988,226	\$1,640,352	10%	15%			
Income from Continuing Operations						175,786	154,506	133,935	8.2%	8.5%			
Percent of Sales						1.31	1.15	1.00	1.14	1.14	1.14	1.14	1.14
Diluted Income from Continuing Operations Per Common Share						134,419	134,047	133,822	—	—	—	—	—
Diluted Weighted-Average Common Shares Outstanding						0.435	0.390	0.335	12	12	16	16	16
Cash Dividends Declared per Common Share						293,494	274,329	235,098	7	7	17	17	17
Cash Provided by Continuing Operating Activities						145,622	147,631	121,667	(1)	(1)	21	21	21
Capital Expenditures						76,016	69,541	551,701	10	10	25	25	25
Stockholders' Equity						25.5%	28.0%	25.8%					
Return on Beginning Equity						281,074	295,032	308,288					
Total Debt						\$1,585,946	\$1,470,995	\$1,416,299	8%	8%	4%	4%	4%
Total Assets						\$1,470,995	\$1,416,299	\$1,388,226					
Total Debt to Capitalization													
Total Assets													



Years ended December 31 (in thousands, except per share)

	1999	1998	1997	
Net sales	\$2,080,012	\$1,888,226	\$1,640,352	
Cost of sales	937,612	851,173	720,084	
Selling, general and administrative expenses	852,449	775,073	699,764	
Operating income	289,951	261,980	218,504	
Interest expense, net	22,713	21,742	12,837	
Income from continuing operations before income taxes and equity in earnings of HenkelEcobab	267,238	240,238	205,867	
Provision for income taxes	109,769	101,782	83,345	
Equity in earnings of HenkelEcobab	18,317	16,050	13,433	
Income from continuing operations	175,786	154,506	133,955	
Gain from discontinued operations		38,000		
Net income	\$ 175,786	\$ 132,506	\$ 133,955	
Basic income per common share	\$ 1.36	\$ 1.20	\$ 1.03	
Income from discontinued operations		0.29	0.29	
Gain from discontinued operations		1.36	1.49	
Net income	\$ 1.36	\$ 1.49	\$ 1.03	
Diluted income per common share	\$ 1.31	\$ 1.15	\$ 1.00	
Income from continuing operations		0.28		
Gain from discontinued operations		1.31	1.44	
Net income	\$ 1.31	\$ 1.44	\$ 1.00	
Weighted-average common shares outstanding	129,550	129,157	129,446	
Basic	134,429	134,047	133,822	
Diluted				

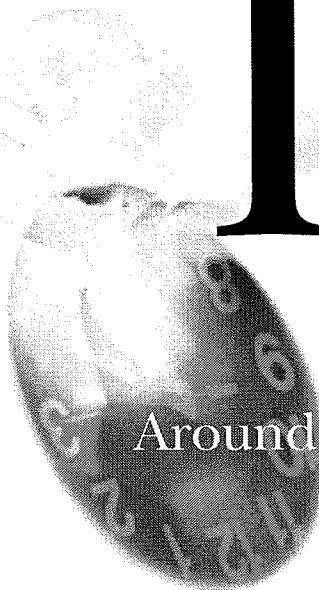
December 31 (thousands, except per share)

	1999	1998	1997	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 47,748	\$ 28,425	\$ 61,169	
Accounts receivable, net	299,751	246,695	246,041	
Inventories	176,369	165,627	154,831	
Deferred income taxes	41,701	36,286	34,978	
Other current assets	11,752	26,551	12,482	
Total current assets	577,321	593,514	509,501	
Property, plant and equipment, net	448,116	420,205	395,562	
Investment in HenkelEcobab	218,003	283,646	239,879	
Other assets	341,506	293,630	271,357	
Total assets	\$1,585,946	\$1,470,995	\$1,416,299	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Short-term debt	\$ 112,060	\$ 67,991	\$ 48,884	
Accounts payable	122,701	124,646	130,682	
Compensation and benefits	90,518	79,431	74,317	
Income taxes	5,743	244	13,506	
Other current liabilities	139,552	127,479	137,075	
Total current liabilities	470,674	399,791	404,464	
Long-term debt	169,014	227,041	259,384	
Postretirement health care and pension benefits	97,527	85,793	76,109	
Other liabilities	86,715	67,829	124,641	
Shareholders' equity (common stock, par value \$1.00 per share, shares outstanding 1999 - 129,418; 1998 - 129,479; 1997 - 129,127)	762,016	690,541	551,701	
Total liabilities and shareholders' equity	\$1,585,946	\$1,470,995	\$1,416,299	

The accompanying notes are an integral part of the consolidated financial statements.

1998 Annual Report

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Around the clock.

Around the world.